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# **Administration & Regulatory Affairs**

## **Overview: Proposed Changes to Chapter 46 of the Code of Ordinances Related to Vehicles-for-Hire**

**April 22, 2014**



# GUIDING PRINCIPLES & METHODOLOGY

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- Goals of Vehicle for Hire Regulation in Houston
  - Public Safety
  - Service Delivery
- Policy Development Process
  - Research past regulatory practices
  - Understand market failures in other jurisdictions
  - Stress every fundamental assumption regarding our own regulations
  - Assess risks related to incumbent industries, riding public, new entrants
  - As much as possible, data (evidence) + goals should drive ordinance amendments



# FEBRUARY 25<sup>TH</sup> PROPOSAL

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In February, ARA presented several options to City Council for next steps:

1. Continue stakeholder discussions regarding ordinance changes to implement baseline Taxi Study recommendations from the Houston Taxicab Study.
2. Bring appropriate ordinance changes to enable UberBlack to operate in Houston legally.
  - a. Eliminate or significantly reduce minimum limousine fare
  - b. Redefine “prearranged” trip and eliminate 30-minute requirement
  - c. Recommend proposed permit, reporting requirements and fee structure, as applicable
3. Discuss ordinance changes to create a framework for peer-to-peer providers such as Lyft and UberX, also known as Transportation Network Companies or TNCs.
  - a. Discuss creating new article in Chapter 46 to deal specifically with peer-to-peer services, address criminal background checks and assisted vehicle inspections
  - b. Draft language to create permit for these services
  - c. Research appropriate insurance requirements for these types of services.
  - d. Include reporting requirements (trip data, revenues)
  - e. Research fees for these services and propose fee structure. Note: California assesses 1/3 of 1% of total revenues from these types of operations.



# ADDITIONAL AMENDMENTS

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In addition to the items proposed February 25<sup>th</sup>, today's presentation also addresses:

1. Housekeeping and general changes to Chapter 46 that apply to all vehicles-for-hire
2. Taxicab-specific ordinance changes



# MINIMUM OPERATING REQUIREMENTS

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- Minimum COH Requirements for all vehicles-for-hire and drivers:
  - Drivers: Fingerprint criminal background checks and drug tests
  - Vehicle inspections for roadworthiness
  - Vehicle age limits
  - Commercial automobile liability insurance for vehicles-for-hire
  - Vehicles must be rendered for ad valorem taxation if used as vehicle for hire
  - Limitations on driver hours
  - Fare estimation capability
  - Local presence
  - Payment Card Industry (PCI) compliance for credit card acceptance
  - Payment of fees to the City
  - Pre-licensing drug tests for drivers
  - Pre-licensing physicals for drivers
  - Pre-licensing warrant checks for drivers
  - Data submission requirements
  - Prohibition on cell phone usage while vehicle is in operation
  - Address disabled access vehicle needs



# PROPOSED CHANGES - GENERAL

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The following proposed amendments to the Ordinance will apply to ALL vehicles-for-hire ("VFH")/drivers:

- Amend definition of "Compensation" to mirror City of Austin definition
- Amend definition of "Place of Business"
- Add a requirement that the City (ARA) be informed of all VFH accidents w/in 5 days
- Eliminate "3 strikes" for hearing for permit revocation and replace with one
- Require driver drug test, physical, warrant check, etc. to be completed within 30 days of license application for all VFH drivers including TNCs
- Provide for 3<sup>rd</sup> party complaints
- Add requirement for fire extinguisher (already required under state law)
- Clarify that vehicles put online with salvage titles must be salvage rebuilt titles
- Create a section for a general VFH driver license rather than licensing in each section
- Add data submission requirements for all vehicles-for-hire including TNCs
- Prohibit cell phone or other device usage while vehicle is in operation as a VFH unless the device is being operated hands free
- All VFHs could charge for NO SHOWS

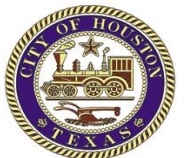


# PROPOSED CHANGES - TAXICABS

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Following are proposed amendments to the taxicab provisions in Chapter 46:

- Codify 7<sup>th</sup> year vehicle age extension exception (also applies to limousines)
- Clarify what can be on stool light (“vacant” or company name or permit #)
- Mandate credit card/gps system in every vehicle
  - will have 6 months to implement
- Eliminate CASH ONLY acceptance in CBD



# PROPOSED CHANGES – NEW ENTRANTS

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The following proposed amendments to the Ordinance will provide for the regulation of new entrants using application-based dispatch services:

- Clarify definition of mobile dispatch to distinguish from Transportation Network Companies (“TNCs”)
  - TNCs dispatch TN vehicles
  - Mobile Dispatch Services dispatch qualified vehicles for hire
- Redefine “pre-arranged” to plain meaning; eliminating 30-min requirement
- Define ridesharing (compensation limited to U.S. Gen. Services Admin. reimbursement rate)
- Include TNCs in definition of vehicle-for-hire
- Require fees, as a % of gross receipts, to be paid to the City
- Eliminate minimum limo fleet requirements
- Eliminate minimum fare of \$70
- Raise insurance limits to \$1 million for everyone except cabs





# FAQs

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Q: Will new entrants have to conform to the same public safety requirements as existing drivers and permittees?

A: Yes. There are 15 minimum operating requirements for all vehicle-for-hire operators including new entrants (SEE SLIDE 5)

Q: Will new entrants be required to pay fees?

A: Yes, we are proposing a fee of 2% of gross receipts

Q: When will the ordinance be effective? Will all parts of the ordinance be effective immediately?

A: Most of the ordinance amendments will be effective immediately; implementation of mandatory requirements for installation of GPS/Credit Card systems become effective 6 mos after effective date of ordinance

Q: Will TNCs be allowed to charge for “no shows”?

A: Yes, as well as all other vehicles-for-hire with the electronic means to do so.



# FAQs (cont'd)

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Q: Will new entrants be required to carry commercial insurance?

A: Yes. We are proposing TNCs maintain at least the following minimum coverage:

- All insurance policies will be provided by an insurance carrier(s) who is authorized to transact business in the State of Texas.
- Commercial general liability insurance with limits not less than \$1 million per occurrence for bodily injury, personal injury & property damage.
- Commercial automobile liability insurance with a combined single limit of \$1 million per accident covering liability resulting from any occurrence arising out of, or caused by, the operation of a transportation network vehicle.
- The policy will cover a driver at all times when he/she is available on the network to provide service (aka driver mode).
- The policy will also provide coverage regardless of whether the driver maintains adequate insurance to cover the claim.
- The insurance policy must be disclosed and readily available on the permittee's app and website.
- The permittee must provide each driver with proof of insurance in the form of a certificate of insurance.
- Each driver must maintain the proof of insurance in the form of a certificate of insurance, at all times while available to provide, or while providing, service on the network.



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# Discussion

